

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	56963	Agenda Number	6.
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Meeting Date:	5/5/2016	Department:	Economic Development
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Subject

Authorize negotiation and execution of a Family Business Loan Program loan in an amount not to exceed \$139,000, funded with proceeds of a U.S. Department of Housing and Urban Development Section 108 loan to the City, to GARBO, INC. dba GARBO SALON & SPA to finance machinery, working capital, and soft costs associated with the lease of space located at 1385 Shore District Drive, Austin, Texas.

Amount and Source of Funding

Funding in the amount of \$139,000 is available in the FY 2015-2016 Family Business Loan Program Special Revenue Fund of the Economic Development Department.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	May 24, 2012 - Council approved Resolution No. 20120524-015 creating the Family Business Loan Program. August 29, 2013 - Council approved Resolution No. 20130829-027 authorizing the acceptance of \$8,000,000 in loan funds from the U.S. Department of Housing and Urban Development (HUD) under Section 108 for the Family Business Loan Program. February 25, 2016 - Council approved Resolution No. 20160225-013 authorizing issuance of a note and contract with HUD in an amount equal to \$3,000,000 to fund the program.
For More Information:	Kevin Johns, Economic Development Department, Director, (512) 974-7802
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Garbo Salon & Spa will expand its existing operations to a second location at 1385 Shore District Drive, Austin, Texas, in order to better serve its customers and the local community.

Garbo Salon & Spa is requesting that the City provide a federally-financed loan totaling \$139,000 through the Family Business Loan Program (FBLP) to fund working capital and non-construction related project soft costs. The total project cost is estimated at \$347,170.

The project will create five full-time jobs within five years, equivalent to one job for every \$27,800 in FBLP loan funds borrowed, exceeding HUD standards. In accordance with HUD requirements, FBLP borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed.

Garbo Salon & Spa has provided its customers with salon, spa and retail beauty products at an affordable price point since 1985. The principal's commitments to her clients and workforce have contributed to increased demand and a need to hire more employees to staff a second location.

The FBLP Loan Review committee recommended approval of this loan to Garbo Salon & Spa based on the owner's history of creating a successful business enterprise, financial strength of the transaction and owner's commitment to job creation benefiting low-to-moderate individuals as defined by HUD. This project is consistent with the Family Business Loan Program mission as approved by Council Resolution 20120524-015, to fund small business expansion that will create jobs, and comply with HUD Section 108 guidelines.